



State of Utah  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

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Michael O. Leavitt  
Governor  
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Lowell P. Braxton  
Division Director

January 2, 2003

TO: Lowell P. Braxton, Director

THRU: Mary Ann Wright, Associate Director

THRU: Wayne Hedberg, Permit Supervisor

FROM: Paul Baker, Senior Reclamation Biologist

RE: Request for Approval of Form and Amount of Replacement Reclamation Surety, Ziegler Chemical & Mineral Corporation, Ziegler Gilsonite Mine (M/047/013) and Neal State #1, 2 & 3 (S/047/063), Uintah County, Utah

*agree LIB 1-13-03*

*[Handwritten signatures: MOW, DWT, PAB]*

On December 5, 2003, we received three bonds issued by Bond Safeguard Insurance Company in behalf of Ziegler Chemical Corp. Ziegler is replacing the existing bonds that were issued by Lyndon Property Insurance Company. The three bonds in the amount of \$450,200, \$7,500 and \$24,000 were not submitted on the Division forms, but rather were performance bonds. After conferring with our legal counsel, we advised the insurance broker, Jared McKeachnie, that the forms needed to be resubmitted on Division forms.

The Division holds the \$450,200 joint surety bond; the other two bonds were originally held by SITLA. After conferring with SITLA, it was determined that because the Division now requires bonds for all sites, the replacement bonds should be held by this office. Therefore, all three bonds have been submitted on the Division's joint bonding forms.

The \$7,500 bond # [redacted] is for SITLA's leases #ML 19869 & ML 20779 which have been cancelled, but the area has not been reclaimed. SITLA originally held a separate bond for these leases. These leases are located within the Gilsonite Mine permitted area (M/047/013), but the amount was not calculated into the \$450,200 bond. This bond will be kept separate, and when the company reclaims the canceled lease areas, that bond can be released and it will not affect the \$450,200 bond. The company provided one Reclamation Contract to include both of these bonds.

The \$24,000 bond # [redacted] is for the Neal State #1, 2 & 3 small mine (S/047/063). A Reclamation Contract has been provided to accompany that bond.



Replacement Surety Bond Memo  
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M/047/013 & S/047/063  
January 2, 2004

Bond Safeguard Insurance is on the federal register listing of acceptable bonding companies and has an A rating on the A.M. Best rating guide.

If you are in agreement with the acceptance of the replacement reclamation sureties please sign and date the documents. We will then send copies of the executed documents to Ziegler Chemical for their records and return the original Lyndon Property surety bonds to them for release. Ziegler obtained the new bonds in November and they are anxious to have those Lyndon surety bonds released so they will no longer need to make premium payments. Thank you for your consideration of this request.

jb  
Enclosure: MR-RC & surety  
C:\M047-1\initial M0470013-Ziegler Final surety-replace-01022004.doc